



State of Connecticut
OFFICE OF THE SPEAKER
LEGISLATIVE OFFICE BUILDING, ROOM 4100
HARTFORD, CONNECTICUT 06106-1591

Testimony of Speaker of the House Christopher G. Donovan
To the Insurance and Real Estate, Human Services and Public Health Committees
In support of:

HB 6308, *AA Establishing the Connecticut Healthcare Partnership;*
HB 6323, *AA Making Conforming Changes to the Insurance Statutes Pursuant to the Federal Patient Protection and Affordable Care Act;*
HB 6305, *AAC Implementation of the Sustinet Plan;* and
HB 6322, *AAC State Prescription Drug Purchasing*
February 14, 2011

Good morning Representative Megna, Senator Crisco, Representative Tercyak, Senator Musto, Representative Ritter, Senator Stillman, and members of the Insurance and Real Estate, Human Services and Public Health Committees. Thank you all for coming together today for this joint hearing on several significant healthcare proposals.

HB 6308, *AA Establishing the Connecticut Healthcare Partnership*

I appreciate the opportunity to express my strong support for House Bill 6308, *An Act Establishing the Connecticut Healthcare Partnership*. Many of you are familiar with this commonsense measure designed to streamline existing state and municipal government purchasing of healthcare and provide small businesses and nonprofits with more affordable options.

HB 6308 would permit municipalities, non-profits and small businesses to purchase employee health insurance through the state employee plan. This proposal would provide relief from the unpredictable rate hikes these employers experience from year to year by giving them access to the stability of the large state pool. In the world of municipal and small group health insurance, it is not uncommon to see annual increases topping 20%--making it nearly impossible to budget for healthcare costs. Meanwhile, the state employee plan has seen single-digit increases for the last several years. By aggressively managing costs, the state's Healthcare Cost Containment Committee (a group made up of representatives of management and labor), has succeeded in bending the cost curve through measures that better manage care under a self-insured plan, saving the state tens of millions of dollars.

Last year, PA 10-131, which permitted municipalities to purchase prescription coverage through the state plan, passed the House unanimously and received bipartisan support in the Senate. Several municipalities are looking to this proposal to help them balance their budgets. For example, the City of Hartford expects to save \$1.8 million in annual employee prescription costs by coming into the pool. The addition of Hartford employees to the state's plan would also result in a savings of \$6 million per year on the part of the state. As the pool grows, so will the savings.

Like both proposals described above, Sustinet builds on the strength of healthcare pooling to increase purchasing power, lower costs and expand access to people of all health histories. It will maximize the potential of federal reform, spend state healthcare dollars more efficiently, improve quality, and offer employees and families a new health insurance choice that reforms healthcare delivery and slows cost growth throughout the entire insurance market. According to Dr. Jonathan Gruber, of the MIT Department of Economics, these measures will save Connecticut taxpayers between \$226 million and \$277 million annually, beginning in 2014. If Sustinet's system and payment reforms succeed in slowing cost growth even 1% per year, the state budget will improve by \$355 million in 2014, with gains reaching more than \$500 million a year starting in 2019. This proposal will help Connecticut families and our state budget.

HB 6322, *AAC State Prescription Drug Purchasing*

This bill is another great example of using the size of the state employee pool to leverage greater discounts for other healthcare purchasers. HB 6322 would enable the Comptroller's Office to amend its existing prescription drug purchasing contract to include the Medicaid, Husky, ConnPACE and Charter Oak programs. The Comptroller's office estimates that by implementing this innovative streamlining measure, the state will save \$66.5 million annually—without harming prescription coverage for some of the state's most vulnerable residents.

I urge the committees to support these important proposals.